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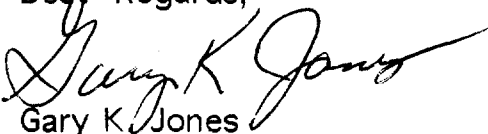
Donna R. Searcy, Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Room 222, Mail Stop 1170  
Washington, D.C. 20554

Re: Ex Parte report. CC Docket No. 90-314. ET Docket No. 92-100

Dear Ms. Searcy:

This will notify the Commission of an ex parte presentation yesterday by PCN America, Inc. and Millicom Incorporated in the above referenced proceeding. Messrs Gary K. Jones, Gary Miles and Todd Hardy discussed the attached material with Dr. Thomas Stanley of the Commission staff.

Best Regards,



Gary K. Jones  
Director of Business Development  
PCN America, Inc.

Enclosure

cc: Dr. Thomas Stanley

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# **PCS National License Concepts**

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**Gary K. Jones**

**Gary Miles**

**Personal  
Communications**

**MILlicom INC.**

**PCN AMERICA, INC.**

## **Market and Regulatory Analogy**

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- **Credit Card Industry - yesterday**
  - **American Express**
    - **Dominate card**
  - **Visa**
  - **MasterCard**
    - **New entrants**

**Personal  
)Communications**

**MILlicom INC.**

## **Credit Card Industry - today**

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- **Highly competitive**
- **Universally accepted**
- **Provides tens of thousands of American jobs**
- **Standardized use both in US and abroad**
- **Visa and MasterCard are nonprofit organizations**

## **Credit Card Success**

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- **National service provider**
- **National benefits**
  - **Advertising**
  - **Technical support**
  - **Authorization and clearing functions**
- **Competitive with larger, established Amex**

**PCN AMERICA, INC.**

# **National Licensing Concepts Three-tiered Process**

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- Tier One - Two National Service Providers
- Tier Two - 49 Major Trading Areas
- Tier Three - Multiple local licenses

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## **Millicom's Three-tiered Process will:**

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- **Expedite ubiquitous service and UPT**
- **Provide at least 900 licensing opportunities**
- **Encourage minority and small business involvement**
- **Provide national marketing, roaming, billing standards and equipment compatibility which will result in faster penetration**

## **Tier One - Two National Service Providers**

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- Chosen by comparative hearings
- Each owned by consortium
- Can be the primary operator in five non-contiguous regions
- National services provided on a for profit basis for ten years - then operated on a nonprofit basis by tier-two licensees



# **National Service Provider - Requirements**

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- **Provide services including:**
  - Coordination of technical standards
  - National subscriber data base platform
  - Signalling network connecting data bases
  - Standardized billing platform
  - Clearinghouse functions for intercompany billing
  - Quality control of PCS services
- **Using FCC criteria, sublicense tier-two MTAs**

## **National Service Provider - Functions**

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- **"Branding" - national marketing power**
- **Powerful negotiation for interconnection with wireline**
- **Establishes economic strength for equipment purchases**
- **Assures rapid customer acceptance**
- **Creates effective competition to existing wired and wireless services**

## **Tier Two - Regional Licenses**

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- **49 Major Trading Areas**
  - **Interstate in nature - limiting state and local regulation**
  - **Limits effects of 125 mile coordination requirement**
- **Represents a logical economic area of interest**
- **Eligible for pioneer preference**

## **Tier Two - Requirements**

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- **Own, build and operate PCS network**
- **Sub-license 30% of the MTA landmass and a minimum of 25% of the population to at least ten Tier Three providers**
- **Provide Tier Three licensees with switching, data base management and nondiscriminatory billing services**

## **Tier Three - Local Licenses**

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- Provides rapid PCS deployment to rural America
- Provides minority and small business participation
- Provides community oriented coverage without the problem of fragmentation

## **Tier Three - Requirements**

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- **Construct and maintain cell sites and transmission links**
- **Interconnect with MTA licensee facilities or**
- **Optionally, construct independent facilities**
- **Maintain an independent sales force**

## **Licensee Ownership Restrictions**

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- Tier One
  - RBOC and IXC limitation or exclusion
- Tier Two and Three
  - wired and wireless providers allowed in areas not served or with less than 10% POP ownership
- Licenses cannot be transferred for five years

**PCN AMERICA, INC.**

# **Millicom's National License Proposal**

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- **Allows maximum participation - over 900 licenses**
- **Encourage new investment in communications**
- **Generate more than 200,000 new US jobs**
- **Competition to all existing telecommunications networks - RBOC, cellular, SMR and IXC**

**Personal  
Communications**

**MILlicom INC.**



**PCN America, Inc.**  
**National License Concept**  
**for**  
**Personal Communications Services (PCS)**

**I.Reasons For:**

- A. Foreign markets licenses are issued on a nationwide basis - Millicom was just a nationwide license in the U.K.
- B. The cellular industry is consolidating from the original 734 licensing areas to much larger effective operating areas in order to maximize the economies of scale and scope.
- C. The licensing of national s would minimize unproductive regulatory and transition costs and delays associated with the kind of consolidation cellular is experiencing.
- D. Parties truly interested in providing PCS will pay high entrance or filing fees to the government as opposed to the cost of the shakedown witnessed in the cellular proceedings where a few speculators reaped the benefits of the aforementioned consolidation process.
- E. PCN America's national licensing scheme:
  - 1. simplifies the immediate implementation of Universal Personal Telecommunications (UPT) by facilitating:
    - a. regional and national roaming capabilities
    - b. coordination of technical standards
    - c. coordination of business arrangements between individual PCS operators for intercompany tariff compensation
    - d. standardized billing
  - 2. establishes of an economic consortium for equipment purchasing,
  - 3. will aid smaller licensees in effectively negotiating intercompany interconnection compensation with wireline companies,
  - 4. strengthens the FCC's preemptive jurisdiction in terms of state and local regulation,

5. gives the subscriber the best opportunity to benefit from lower prices for equipment and services due to economies of scale,
6. can provide competition to existing wired and wireless systems by enforcing the proper ownership restrictions,
7. gives the national licensee the opportunity to develop a new wireless technology which could "leapfrog" the rest of the world, allowing the US to drive global standards providing US manufacturers enormous export opportunities,
8. gives all licensees associated with a national licensee, big and small, the power of national marketing and "branding" of service offerings,
9. assures consumer acceptance will be accelerated and the faster product penetration will allow PCS to catch up with existing wireline and cellular systems with their existing customer base.

## **II. Reasons Against:**

- A. Nationwide licenses that allow provision of personal communications services to each individual market would allow the smallest number of firms to participate.
- B. Nationwide licensees may not tailor their systems to the natural geographic dimensions of individual PCS markets.
- C. Nationwide licensees may not be interested in serving smaller local communities.
- D. Smaller service areas allow wider participation and a greater diversity and degree of technical and service innovation. This diversity may be important in the early implementation of PCS to help define markets.

In order to gain the advantages of national licenses and, at the same time, answer the drawbacks of such a large license area, this proposal is offered by PCN America.

The model used for this national licensing plan is that of the credit card industry. Years ago, American Express was the dominate credit card and

was only issued by American Express. Many local and regional banks tried to issue their own cards but were marginally successful at best.

The Bank of America then started the national service provider concept with Visa and the InterBank organization followed with MasterCard. The concept was to give standardization and availability of service offerings to even the smallest of banks. Today, because of the benefits of the national service provider concept, the credit card industry is universally accepted, highly competitive, has standardized use both in the US and abroad, and has created tens of thousands of American jobs.

The credit card industry gives us a three tiered model that included the national service provider at the first tier, major regional banks in the second tier and small, local banks in the third tier; all able to offer credit card services to the public and able to compete with the dominate Amex. This is the example that should be followed for PCS.

### Three Tiered Approach

**Tier One - Two National Service Providers**

**Tier Two - 49 Major Trading Areas**

**Tier Three - Multiple Local Licenses**

### Tier One - National Service Provider

I. Two national licenses issued - the term "National Service Provider (NSP)" is a more accurate term and is substituted for national licensee.

A. The national license would be for the provision of certain services, functions and specifications on a national basis. Actual provision of PCS would be done by Tier Two and Tier Three licensees in individual licensed markets (see below). Ownership restrictions of these market licenses are also addressed below. The services, features and specifications required of a NSP would include:

1. adopt a technical standard capable of supporting all features and services required of Personal Telecommunications Service (PTS) as defined by Telocator in its document entitled " PCS Service Descriptions". This will

allow Tiers Two and Three licensees to choose the features and services necessary to implement their customized PCS offering.

NOTE: A common technical standard (or two depending on the choice made by each NSP) and nationwide platforms for signaling and database management are viewed by many as more important and beneficial to the user public than diversity of technology and implementation. By requiring the national licensees to use a technology that offers the widest variety of services and capabilities, the Tier Two or Tier Three licensee has available to him a "laundry list" of features and services from which to choose. This choice of capabilities allows the licensee to customize his service offering to his service area while maintaining a common platform for billing, roaming, call cost segmentation, collections, etc.

2. provide, at a minimum, a nationwide database and signalling platform which would perform national database management services as well as signalling transport and query functions.
3. provide a standardized billing platform as well as a clearinghouse function for intercompany billing
4. assist the FCC in choosing and licensing the licensees described below.
5. provide quality control of PCS services provided by the associated Licensees.
6. optionally, provide a bearer channel voice and data transport network for use by licensees affiliated with the national service provider.

B. NSPs will be chosen by comparative hearing.

C. NSPs are not eligible for Pioneer Preference

D. The consortium owning the NSP would also be awarded five (5) non-contiguous Tier Two MTAs.

## II. National Service Provider restrictions

A. No current U.S. telecommunications provider (e.g., RBOC, LEC, IXC, Cellular, Paging, etc.) may own more than 10% of a national license. This requirement will guarantee that no current telecommunications

provider could create a national monopolistic presence in the United States. It would also assure competition to interexchange carriers who propose to develop nationwide personal numbering services

B. No NSP may have:

1. a majority ownership in no more than five non-contiguous Tier Two licenses,
2. ownership in more than one provider of PCS in any single MTA.

C. The consortium owned National Service Provider "NSP" will provide its services to the Tiers Two and Three licensees on a for profit basis for a period of ten years. At the end of ten years, the consortium will divest itself of the NSP entity which will then become jointly owned by all Tier Two licensees served by the NSP. Services preformed by the NSP will then be provided on a nonprofit basis.

## Tier Two - Regional Licenses

I. The country will be divided into 49 "Major Trading Areas" (MTA) for the purpose of licensing market areas. MTAs are the appropriate primary licensing areas for the following reasons:

- A. Licensing smaller service areas would result in the same long and expensive consolidation witnessed in the cellular industry.
- B. MTAs generally cross state boundaries and would, by definition, be interstate in nature. This would assist in limiting the amount of state and local regulation.
- C. MTAs represent a logical economic area of interest.
- D. Given the 125 mile coordination requirements proposed for PCS by the NPRM, a large licensed service area is needed in order to limit the number of coordinations across service area borders.

II. Attributes of Tier Two (MTA) licensing:

- A. Tier Two licenses will be eligible for Pioneer Preferences
- B. Tier Two licensee will be chosen by comparative hearing, lottery or auction.

C. Two operators will be licensed to provide PCS in the 1850-1990 MHz band in each MTA, thus providing 98 license opportunities for small and medium sized companies.

D. MTA licensees would be required to use a technical standard supported by at least one NSP. This requirement would include all interfaces for voice and data circuits as well as signaling.

1. This requirement will assure nationwide roaming ability as well as a seamless platform for billing and collections.

2. This nationwide platform would also simplify such issues as "who gets how much for each segment of the call" and management for the national data bases required for "personal" communications.

E. Tier Two licensees will make available to Tier Three licensees such services as switching, data base management and bill services on a nondiscriminatory basis.

III. Tier Two licensee ownership - No current telecommunications owner or operator may have majority ownership of a Tier Two license in an MTA where it provides any form of telecommunications service to 10% or more of the population of that MTA.

### Tier Three - Local Licenses

I. Each MTA licensee will be required to sub-license 30% of the MTA landmass and a minimum of 25% of the MTA population to at least ten (10) Tier Three providers in each MTA.

II. Tier Three licensees will construct and maintain cell sites and transmission links.

III. Because of the inherently local nature of their service offering, Tier Three licensees will be separate and independent from MTA licensees and may choose to build their own facilities such as switching and data bases or interconnect with the capabilities of the Tier Two licensee.

IV. Tier Three licensees will maintain an independent sales force and shall have ownership of their customer base.

V. Tier Three licenses will provide:

A. Rapid PCS deployment to rural America,

B. Minority and small business participation,

C. Community oriented coverage without the risk of equipment or technology fragmentation.

### **Methodology for Choosing MTA Licensees**

- I. One responsibility of the National Service Provider is to assist the FCC in choosing and licensing the MTA licensee. This might be accomplished by one of several methods such as:
  - A. Gathering data and making preliminary eliminations for expatiated comparative hearings,
  - B. Setting standards for minority preference,
  - C. Gathering and collating information received on applications such as experience and economic viability in preparation for qualified lotteries,
  - D. One method for qualifying MTA licensees could be to require a license fee to be paid to the FCC and the NSP. A portion of the fee could help offset the expense of setting up the national network required of the NSP and also help to limit the number of applicants to those with a real interest in providing personal communications.
- II. The method that a consortium would use assisting the FCC in selecting Tier Two licensees and how the consortium would involve minority and small businesses might be an excellent choice for one of the criteria to be used in the comparative hearings to select the NSPs.

### **Summary of Results**

- I. PCN America's national license proposal allows maximum participation by creating over 900 licensing opportunities.
- II. This plan will create new investment opportunities for parties both within and outside the telecommunications community.
- III. This plan will create over 200,000 new American jobs at a time when our economy desperately needs a boost.
- IV. This licensing concept will bring early, meaningful competition to all existing telecommunications networks (RBOC, IXC, Cellular, SMR, etc.)